

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1077

ANSWERED ON:29.04.2016

Investigation of Offshore Accounts

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Will the Minister of FINANCE be pleased to state:

- (a) the modalities by which black/ unaccounted money is taken out of the country;
- (b) whether the Government has taken note of the alleged information made public by the "Panama Papers", if so, the details thereof along with the steps taken by the Government to ascertain authenticity of these papers;
- (c) whether any team/agency/body to investigate suspected tax evasion by individuals named in the Panama Papers Leak case has been set up by the Government, if so, the details thereof;
- (d) the findings of such team; and
- (e) the action taken or proposed to be taken on the findings?

Answer

MINISTER OF STATE FOR FINANCE
(SHRI JAYANT SINHA)

(a) The Government has come across instances of transferring money out of the country illegally. Some of such cases detected indicate use of the medium of trade for such transfers which include overvaluation in imports, undervaluation in exports, remitting foreign exchange on the strength of forged import documents, payments/remittances for non-genuine purchases of goods/services/technical know-how, etc.

(b) Recently, information about certain offshore entities held by various Indian persons has appeared in media. Such information is attributed to be part of 'Panama Papers' leaks. The International Consortium of Investigative Journalists (ICIJ), a Washington based organization which has reportedly made the revelations pertaining to the Panama Papers, has put a caveat on its website (www.icij.org) by mentioning that it should not be assumed that everyone who appears in the Panama Papers is involved in tax avoidance or evasion and there are legitimate reasons to create a company in an offshore jurisdiction and many people declare them to their tax authorities when that is required. The Government has taken necessary measures for expeditious investigation in such cases including through enhanced international cooperation.

(c) to (e) The Government has constituted a Multi-Agency Group on 4th April 2016, inter alia, for facilitating co-ordinated and speedy investigation in the cases of Indian persons allegedly having undisclosed foreign assets and whose names are reportedly included in Panama Papers leaks. The Group consists of the officers of Investigation Division of the Central Board of Direct Taxes (CBDT), Foreign Tax & Tax Research Division of CBDT, Enforcement Directorate (ED), Financial Intelligence Unit (FIU) and Reserve Bank of India, and its Convener is Member (Investigation), CBDT. It has been asked to report the progress in such cases on regular basis. Investigation in such cases is at preliminary stage. Further course of action depends upon outcome of the investigation in respective cases.